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Sheila Stoe

From: Larry & Tina BLIGH [REDACTED]
 Sent: Thursday, March 13, 2008 8:36 AM
 To: Mayes-WebEmail
 Cc: [REDACTED] Arizona Corporation Commission
 Subject: ICR Water Users Association - Response
 Attachments: Cummings Letter.pdf

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Commissioner Mayes,

First I would like to say thank you for the opportunity to share our thoughts, concerns and opinions with you related to the ICR Water Users Association rate case and overall administrative issues related to the Association. The purpose in writing to you today is as a result of a response I received from the Association Board President, Earl Cummings, in response to our original correspondence to you dated 2/18/08. I have to assume that you will at some point, if you have not already, receive a copy of the letter from Mr. Cummings, but to ensure that you have the document while reviewing this current correspondence, I have attached a scanned PDF file copy of the original letter dated 3/11/08.

In reading through Mr. Cummings letter, I am having a very difficult time accepting the response with the explanations that have been provided. In fact, I take some of the response as an insult to my intelligence. Personally, I believe that the facts are very clear.

1. On June 1, 2001 the Association filed an application for an extension of its Certificate to provide service to the Talking Rock development.
2. Page three, line 20, of Decision 64360 clearly states that ICR (the Association) will charge those customers in the expansion area its existing rates and charges.
3. Page four, line 17, indicates that Harvard did not wish to transfer its well-sites to ICR. Harvard wanted to retain ownership and control of the wells.
4. Page five, line 7, Commission Staff recommended approval of the application with conditions.
5. Page five, line 17, Staff recommended that ICR was to continue to charge its existing rates and charges in the extension area.
6. Page five, line 26, Staff had a concern that ICR did not own or have its own water production facilities and as such, as an additional condition for the extension Certificate, ordered that Harvard include in its advance to ICR ownership of the wells which it had drilled for the purpose of providing water to the extension area.

I believe that the intent of the Commission was clear in its order dated 1/15/2002. Unfortunately, the Association, in my opinion, worked to circumvent the Commission's authority with its Well Agreement drafted with Harvard in 2003. Conditions clearly spelled out by the Commission, as listed above, were simply ignored. Instead of following the clearly written order of the Commission, the Association moved forward to contract with Harvard for convoluted financial arrangements instead of following the established tariff and with well ownership agreements that were in direct violation of the Commission's order. In fact, the Well Agreement with Harvard went right back to the idea that was proposed in the original application (number 3 above) and was denied as a condition of approval where Harvard would retain ownership to some

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point in the future instead of immediately transferring ownership as had been detailed in Decision 64360 (number six above). Additionally, the single well that was transferred to the Association did not even exist at the time the Commission's order was approved on 1/15/02, not to mention that the Commission's order clearly stated that two wells were to be transferred to the Association.

I again want to thank you for your time and for your service to our State in working to ensure that rate payers are given the opportunity to be heard.

Larry & Tina Bligh

Prescott, AZ 86305

ICR Water Users Association



March 11, 2008

Mr. Larry Bligh:

The purpose of this letter is to respond to your email correspondence sent on February 22, 2008 to Commissioner Mayes of the Arizona Corporation Commission ("Commission").

You cited concerns about the Company's alleged disregard of Decision No. 64360. Let me assure you that in no way has the Company acted to intentionally disregard the Commission's order. The Company believed it was in compliance with the Commission's order, because the Company filed, as a compliance item to Decision No. 64360, the First Amendment to the Main Extension Agreement and Well Agreement on March 7, 2003 without objection from the Commission. It has been only recently that concerns have been raised about the Company's compliance with Decision No. 64360. The Company takes these concerns very seriously and will be working with the Commission to address them during the current rate case.

It is true that the Well Agreement sets forth the wheeling charge the golf course must pay for the water delivered to the golf course from all three wells in the Talking Rock well field, plus its pro rata share of the Company's operating and maintenance expenses for the Talking Rock system. The Well Agreement was executed in 2003 to satisfy the Commission's requirements in Decision No. 64360. One of the main purposes of the Well Agreement was for the developer of Talking Rock (Harvard Investments) to convey two of its wells to the Company in exchange for the golf course's use of the water. Again, the Company will be working with the Commission to address all of these issues during the rate case.

As to your comments about the use of groundwater for the golf course, the Commission approved the extension of the Company's certificate of convenience and necessity to serve Talking Rock Ranch with groundwater in 2002. The Company does not have control over how the golf course uses its own wells to irrigate the golf course.

As a member of this volunteer board, I assure you that we serve the best interests of the entire water company, not just certain subdivisions that the Company serves. All board members take this duty very seriously and will continue to work hard to resolve the issues that are before us.

Thank you for your interest and concern. Please feel free to contact me directly at 928-771-9705 or contact our Business Manager, Mr. Robert Busch at 928-713-0548 with any additional questions you may have.

Yours truly,



Earl Cummings
President, ICR Water Users Association

cc: Arizona Corporation Commission Docket Control